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21 FEB 1974

MEMORANDUM FOR: Director of Logistics

25X1 SUBJECT :

[REDACTED]

25X1A REFERENCE :

P&PS Survey of the [REDACTED] dtd 29 Jan 74

1. In compliance with your direction, we have conducted a study to:

25X1 a. Determine the need for and feasibility of re-establishing the [REDACTED]

b. Ascertain the dollar value purchase limitations under which a newly reconstituted [REDACTED] should operate;

25X1 c. Identify number of positions required, types of skills involved, and slots which can be converted and used for [REDACTED] staffing; and

d. Provide options as to where the [REDACTED] could be placed within the Office of Logistics structure.

25X1A 2. In making our analysis we considered current and projected workloads through 30 June 1974, incorporating the measurable increases to line items processed within the system resulting from closure of the [REDACTED] and the former [REDACTED]. Whereas blanket purchase agreements have been beneficial to the Procurement Division (PD), they do not present any material assistance in reducing the Supply Division (SD) workload and, therefore, were not considered as a factor. Because of the delay in publishing the applicable book dispatch, it is too early to accrue any results of the station "self help" program. For this reason we did not take this program into account as having any possible effect on predicted workloads.

3. The statistics obtained from the Central Control and Distribution Branch (CCDB) reflect a projected 7.5 percent increase to line item processing (of all types including

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disposals, turn-ins, etc.) for FY 1974 over FY 1973, with most of this increase taking place in the last two quarters. This represents about a 14 percent annual increase, and with the ratio of procurement to stock actions still maintaining an approximate 60/65 percent (procurement) to 35/40 percent (stock), a great deal of this extra workload impacts on PD. Thus, we find Supply (11th floor of Ames in this context) and Procurement both doing substantially more work with less in terms of human resources. This situation has created backlogs and, accordingly, the level of service Logistics provides in these areas has been degraded to a certain extent, with both Divisions using overtime and still hard pressed to stay current. The seasonal workload surge (mid-March to mid-May) and the overseas TDY assistance requirements levied against SD represent additional handicaps.

4. The combined FPA-PPA-PRA procedures with all their complexities and paperwork requirements negate any prospects of further streamlining or realizing any major efficiencies with respect to the processing of items within the existing system. On the premise that in-system processing of low-cost expendables is costly in terms of time, money, and other resources, it is to Logistics advantage to process such items outside the system. For this the is an excellent vehicle. Further, establishing the will produce immediate and dramatic across-the-board workload reductions which will have a marked effect on the Offices of Finance and Joint Computer Support, as well as on our Supply and Procurement efforts. Attachment A is a resume of the advantages the will provide.

5. PD estimated that something between 13,800 and 17,700 line items could be processed out of system by the the higher figure including siphoning off some items from SD/IDSB. During its last full year of operation (FY 1972), the previous handled 12,343 line items. To stay on the conservative side, we estimate the can handle 12,000 line items and all computations are based on that figure.

6. We propose that the if reconstituted, operate precisely the same as its predecessor organization in terms of purchasing, packaging, and shipping of items; operation of an imprest fund; methods of procurement; source selection and utilization; payments of invoices; accounting procedures to reflect proper charges against customers; and reimbursement of funds on a periodic basis. We do recommend specific initial limitations on activities as follows:

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a. Engage only in small purchases of expendable items with unit value \$200 or less and total single line items or orders not to exceed \$2,500. Generically, small purchase items can be defined as automotive supplies; accessories and spare parts; administrative and housekeeping supplies; tools; hardware and maintenance supplies; photographic items such as paper, chemicals, and inexpensive equipment/accessories; communications items such as capacitors, resistors, fuses, wire, etc.

b. Purchases of [REDACTED] items only. 25X1

c. Small staff consisting of:

- 2 - Supply/Procurement Officers
- 1 - Supply Assistant (utility man for pick up and delivery)
- 1 - Packer
- 1 - Clerical (handle invoices, payments, etc.)

7. The SD has one panel truck and one station wagon avail-

25X1
[REDACTED] will depend on where the [REDACTED] fits into the Logistics structure. A post office box for direct customer input to [REDACTED] will be a necessity. The expertise to operate the [REDACTED] is on hand. Again, the source of this expertise depends to some extent on where the [REDACTED] is placed. SD advises that Mr. [REDACTED] (formerly [REDACTED]) is available for advice and counsel. Attachment B is an extract from the referent survey and indicates a source for the five [REDACTED] slots, especially if SD takes action to merge or otherwise consolidate functions as recommended by the survey. Those positions marked with a check (✓) are cases where the incumbents are available along with the slots. 25X1

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8. To keep this study as objective as possible, we felt it necessary to avoid making any determination as to the proper place for the [REDACTED] within the Logistics structure, and we also took into consideration the possibility that you might have a pre-determined idea on this subject, or may wish to make this decision after you have had the opportunity to review and weigh all pertinent information. Accordingly, Attachments C, D, and E list the

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"pros and cons" of placing the [REDACTED] in PD, SD, or in LSD, respectively. As you will note, the SPU functions are procurement oriented but there are persuasive arguments for placing it in any of the Divisions concerned. Attachments F, G, and H are the Divisional inputs.

[REDACTED]
Chief, Plans and Programs Staff, OL

Atts

Distribution:

Orig & 1 - Adse
1 - OL/P&PS Official
① - OL Files

25X1
OL/P&PS:RDW:j [REDACTED] (20 May 74)

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ATTACHMENT A

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RESUME OF ADVANTAGES PROVIDED BY

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1. Substantial workload reductions in Logistics elements as listed below. (Calculations based on FY 1974 workload and estimated 12,000 line items can handle.)

25X1

<u>Element</u>	<u>Line Item Workload</u>	<u>% Reduction</u>
SD/CCDB	87,500	15
SD/SMB	87,500	15
CD/P&C	59,000	21 <u>1/</u>
CD/FTB	67,000	18 <u>2/</u>
CD/Receiving	41,500	29
PD/GPB	37,400	23 <u>3/</u>

2. Rapid response to customer requests.

3. Elimination of abnormal amounts of overtime now used by PD and SD.

4. More efficient and far less expensive method of handling low-cost, high-volume expendable items.

5. Reduction of workload in OF/C&L in connection with payment of invoices will use an imprest fund).

25X1

25X1

6. Elimination of "WASH" numbers to items processed by ergo less machine inputs.

7. Reduction and eventual elimination of backlogs which will improve service to customers for items processed in the system.

8. Tremendous decrease in preparation, reproduction and distribution of hard copy documentation, i.e., receiving reports, shipping documents and master file documents.

1/ Reduction of 21% as projected for P&C somewhat misleading as the reduction will apply against the easy to pack items, i.e., pouch and parcel post shipments.

2/ The 18% projected for FTB slightly overstated as the reduction impacts on items where bookings and preparation of air way bills and bills of lading not required.

3/ PD bases its statistics on "actions" whereby a number of items may be combined in one order. The percentage of reduction shown applies to actions.

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SUMMARY OF POSITIONS PROPOSED FOR DELETION

NO. OF ED	POSITION TITLE	OCCUPATIONAL SERIES	GRADE	POSITION NO.	COMPONENT	METHOD/REMARKS
1 (✓)	Packer, Foreman	S-4610.06	S-06	2380	MFB/Packing & Crating	Merger - Merge four units into two related units.
1 (✓)	Packer, Foreman	S-4610.06	S-06	2189	MFB/Packing & Crating	Merger
1	Box Assembler	W-4210.01	W-07	2195	MFB/Packing & Crating	Eliminate - Vacant since Nov 73
1	Crater	W-4605.01	W-09	2198	MFB/Packing & Crating	Eliminate - Vacant since Nov 73
1	Supply Assistant	GS-2005.01	GS-06	2163	MFB/SMSS/ Storage & Issue	Eliminate - Vacant since June 73
2	Supply Assistant	GS-2005.01	GS-06	2167	MFB/SMSS/ Storage & Issue	Eliminate - Vacant since June 73
1	Supply Assistant	GS-2005.01	GS-07	2361	MFB/SMSS/ Storage & Issue	Eliminate - Vacant since June 73
1 (✓)	Supply Officer	GS-2001.01	GS-11	2142	MFB/SMSS/ CR&D	Merger - Merge unit functions

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<u>Q. OF RED</u>	<u>POSITION TITLE</u>	<u>OCCUPATIONAL SERIES</u>	<u>GRADE</u>	<u>POSITION NO.</u>	<u>COMPONENT</u>	<u>METHOD/REMARKS</u>
1 (✓)	Freight Traffic Officer	GS-2131.01	GS-12	2346		Merger - Combined section
1 (✓)	Freight Traffic Clerk	GS-2131.03	GS-05	2207		Merger - Functions
1	Truck Driver - Trailer	W-4435.04	W-09	2214		Eliminate - Vacant since June 73

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☐ PROPOSED LOCATION - PD/AMES BUILDING

PROS

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1. Technical procurement experience readily available.
2. The flexibility afforded by using in place GPB Procurement Officers would reduce number of slots/personnel required for the ☐ from five to four.
3. Hopefully, more clout in dealing with vendors in event of unsatisfactory service.
4. Closer to diversified markets than either SD or LSD.
5. No problem in establishing a post office box in Rosslyn.
6. ☐ now associated with PD although volume is light (may need new crypto if function transferred to SD or LSD).
7. Conveniently close to Office of Finance when in need of imprest fund replenishment or when some resolution as to billings becomes necessary.
8. Vehicle(s) available.
9. Have extensive source library on hand.

25X1A

CONS

1. No space in the Ames Building. Despite the C/PD comments on availability of space on the first or third floors of Ames (see Attachment F), LSD verified as late as 16 May 1974 that the Offices of Personnel and Medical Services have no intention of relinquishing any space in the Ames Building.
2. It would be necessary to assign some SD/CD slots and personnel to PD. No good handle as to impact on command/control structure, but does not appear to be a large problem.
3. Parking problems in Rosslyn. Would probably require leasing additional space(s).

25X1C

☐

25X1

5. Costs associated with renovation/preparation of any facility in Rosslyn for the ☐
6. Location precludes quick, easy access to GSA stores stock.
7. Must transport pouches to Headquarters Building.

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ATTACHMENT D

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SPU PROPOSED LOCATION - SD/CD

PROS

1. Space used by previous [] is available. No renovation costs other than a coat of paint. 25X1
2. Vendors could consolidate [] orders with other merchandise consigned to the Depot. May save on delivery time. 25X1
3. No employee POV or official vehicle parking problems.
4. Vehicles and materiel handling equipment (if needed) available.
- 25X1C 5. [] address) still in existence. 25X1
6. Would have capability to pack beyond usual parcel post/small pouch standards if necessary.
- 25X1A 7. SD has a number of Supply Generalists with sufficient experience to handle type of procurement involved with [] operation. (Mr. [] former [], still with CD.) 25X1
25X1
8. Close proximity to [] and a stores stock. 25X1
9. Has slots available for [] use. 25X1

CONS

1. Would lack the technical expertise available only within PD.
2. Will require five slots/personnel as compared to four additional needed by PD to operate the [] 25X1
- 25X1A 3. Further removed from diversified markets than PD, but recent expansion to [] areas should improve the area market.
4. Must re-establish library of commercial catalogs and develop sources.
5. Far removed from Office of Finance facilities in Key Building. Will require some time (about 2 hours round trip) on each occasion where Finance must be visited to replenish fund or to resolve problems with billings.

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6. Must transport pouch deliveries to Headquarters Building.
7. Probably less clout with vendors than PD.
8. Will have to purchase a Savin copying machine. Cost about \$2,000. All other equipment available.

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ATTACHMENT E

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25X1

☐ PROPOSED LOCATION - LSD

PROS

1. Space available in the Headquarters Building. LSD proposes to use the space now occupied by dispatchers/chauffeurs upon completion of the new garage.

2. Could rely in an emergency on Building Supply Branch (BSB) "stores stock."

3. At the present time BSB does handle a most amount of SPU type procurements on behalf of operating components with accountings and charges back to customers handled in a manner similar to the ☐ procedures, therefore, have some experience.

25X1

4. Close proximity to pouching facility.

5. Vehicle(s) available from ☐

25X1A

6. Near good procurement sources in McLean, Vienna, Tysons Corner.

CONS

1. Slots and experienced personnel are not available within LSD. As noted previously, slots can be obtained from SD.

2. Less experience than PD in dealing with vendors.

3. Must acquire catalog file and develop sources.

4. Considering space and other limitations of Headquarters receiving dock, the intermingling of ☐ items with other deliveries might cause confusion, delays, losses.

25X1

25X1C

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SECRET

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SUBJECT: Establishing []

25X1A

25X1 5. Looking back, there were some distinct advantages stemming from the operations of [] Some of these were:

- a. Requirements from activities, both overseas and Headquarters, were directed to the Unit with a minimum of time in transit.
- b. Procurement action was taken promptly, and many times delivery was made within a matter of hours.
- c. The nature of the materiel procured permitted processing transactions outside the realm of normal financial property accounting procedures.
- d. Documentation was abbreviated and kept at the absolute minimum.
- e. Payment for materiel and services, with the exception of those obtained from GSA, was usually made upon delivery.
- f. There were few reasons for a requirement being outstanding in excess of 30 days.
- g. The number of persons required to perform the functions of the Unit were considerably less than requirements for a normal procurement, receiving, packing, and shipping function, as the Unit combined all of those functions.

6. The only disadvantage that can be highlighted would be possible abuse of the Unit's purpose by activities, not so much from the standpoint of volume and leadtime, but in trying to circumvent the standard supply system.

7. Some statistics of the present [] workload are as follow:

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January 1974 - Received 23 requisitions with 62 line items; shipped 48 requisitions with 144 line items.

February 1974 - Received 31 requisitions with 133 line items; shipped 30 requisitions with 62 line items.

25X1A

Since November/December 1973, [] has experienced a 50 percent drop in actions because we are not providing the service as before; therefore, the field is not opting for this channel, and three stations have been sent

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4 MAR 1974

MEMORANDUM FOR: Chief, Plans and Programs Staff, OL

SUBJECT : Space for [REDACTED]

STATINTL

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1. Attached are two proposals for the use of a portion of the existing [REDACTED] Headquarters space for the proposed [REDACTED]. Also attached is a single proposal for the use of the Ames Building basement. Each proposal lists the estimated cost of reconfiguration. The drawings are self-explanatory as to where personnel and wrapping stations would be located.

2. The cost associated with the remodeling of the Ames Building basement does not include the extra rental which would be charged to us. The Real Estate and Construction Division would be the source to handle any negotiations with the building owner relative to the additional costs. We estimate that the cost would run somewhere between \$3 and \$4 per square foot making the total cost somewhere between \$1,000 and \$1,300 per month.

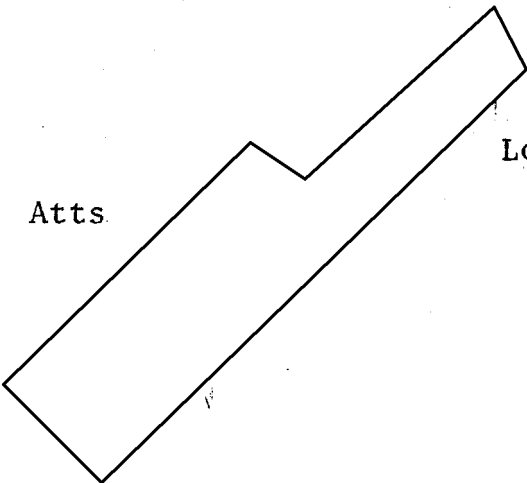
3. Should you have any further questions on this matter, please feel free to call me or Mr. [REDACTED] extension 7822, who actually prepared the drawings.

STATINTL

ILLEGIB

[REDACTED]
Chief
Logistics Services Division, OL

Atts



25X1

Fund \$3000

Purchases must not
exceed \$500 to a single
vendor per order.

Grant turnover \$3000
per month - most
for items requested

~~from~~
from Handicap Center.

25X1A

MEMORANDUM FOR:

SUBJECT: BSB Imprest Fund

Attached listing of actions cover period 19 December 1973 through 27 March 1974.

FYI, the last page is services on ly.

Total-----	Supplies & Equipment	\$1,198.68 - 39 ACTIONS
	Services	<u>175.20</u> - 17 ACTIONS
		\$1,373.88

Hazel

12/19	Masks	\$ 5.46
12/20	Envelopes	16.78
12/20	Xerox paper	29.45
1/8	Stamp	7.75
1/18	Supplies	41.60
1/31	Parts	5.31
2/28	Filters	1.46
2/28	Flexilite	1.98
3/14	Bulbs	<u>1.14</u>

TOTAL \$110.93

FAN 4156-0090 CRS/LIBRARY

1/3	16MM leader	79.50
1/18	Lamp	1.28
1/29	Film	10.50
1/31	Film	10.50
2/21	Belt	6.00
2/28	Supplies	20.39
3/8	Tape	13.23
3/13	Grille Assy.	<u>8.50</u>

total \$149.90

FAN 4270-0070 DDS

1/8	Folders	15.00
2/14	Tools	8.66
3/13	Sample Kits	103.07
3/22	Microfilm Kits	<u>70.00</u>

TOTAL \$196.73

FAN 4214-0001 Office of Comptroller

2/15	Books	29.12
2/15	Lettering	10.00
2/15	Supplies	<u>37.44</u>

TOTAL \$ 76.56

2/15	Glass Desk Top	\$ 97.50
FAN 4123-1208 FI		
3/12	Manuals	\$ 50.00
FAN 4222-4553 FI		
3/14	Elements	\$ 18.00
FAN 4151-0016 OCI		
2/28	Cards	\$ 10.89
FAN 4157-1000 OER Admin		
3/22	Desk Top	\$110.00
FAN 4136-1184 EUROPE		
3/22	Pens for official gifts	\$ 95.14
FAN 4156-0120 CRS/Information Analysis Grp.		
2/6	Supplies	9.36
FAN 4179-3100 Office of Communications		
2/13	Batteries	1.33
FAN 4220-0001 Deputy Director/Plans		
3/4	Bulbs	3.64

FAN 4156-0015 CRS

1/11	Rubber Stamp	\$ 19.49
1/22	Timer	<u>3.74</u>
TOTAL		\$ 23.14

FAN 4179-5100	Office of Communications	
1/11	Equipment	\$206.50
1/11	Equipment	<u>12.80</u>
TOTAL		\$219.30

FAN 4151-0026	OCI	
1/29	Hardware	\$ 26.26

SERVICES PROVIDED

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FAN 4256-0090 CRS/LIBRARY

12/23	Freight	5.40
1/3	Freight	5.40
1/7	Freight	5.70
1/21	Freight	5.40
1/22	Freight	5.40
2/14	Freight	5.40
2/19	Freight	5.70
2/19	Freight	5.40
3/8	Freight	6.05
3/14	Freight	5.70
3/22	Freight	6.05
3/26	Freight	5.70
3/26	Freight	<u>5.70</u>

TOTAL \$ 73.00

FAN 4151-0016 OCI
1/11 TV Repair
3/1 TV Repair

\$ 3.15
30.33
\$ 33.48

TOTAL

FAN 4222-4116 FI

1/15 TV Repair

\$ 13.52

FAN 4151-0026 OCI
2/15 TV Repair

\$ 55.20

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